

# Major Moves:

## The Truth about GDP, CPI, and Toll Increases

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### Toll Increases:

**The proposed lease agreement locks tolls on the Indiana Toll Road until 2010 following enactment of the proposed rate increase currently in the rule making process.**

*According to an amendment adopted by the State House of Representatives, tolls for passenger motorists in the seven Toll Road Counties would be frozen at today's rate through 2016.*

**In 2010 and beyond, the operator may raise tolls annually the greater of 2%, the annual increase in the Consumer Price Index (CPI), or the annual increase of the U.S. Per Capita Gross Domestic Product (GDP).**

*This rule does not require SMP to raise tolls however it does place a limit to rate growth, if the company seeks to raise toll rates.*

**The Operator can round the tolls to the nearest penny for electronic toll payments and the nearest dime for non-electronic payments.**

**So, what has been the increase in the CPI or per capita GDP?**

YEAR	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Ave
CPI	2.5	3.3	1.7	1.6	2.7	3.4	1.6	2.4	1.9	3.3	3.4	2.5
GDP	3.4	4.4	5.0	4.1	4.8	4.8	2.1	2.3	3.8	5.9	5.3	4.2

*Source: US Bureau of Economic Analysis*

### Toll Increase Banking:

**According to the lease, SMP cannot bank toll increases they do not enact, with the exception of 2010 when the company can recoup the lost increases between 2006 and 2009 (four year period). The company is under no obligation to enact these toll increases.**

### Passenger Motorist Toll Examples:

Route	Today's Toll	Proposed Rate	2010 Electronic*	2010 Direct Payment*
Elkhart to Mishawaka	\$0.40	\$0.50	\$0.59	\$0.60
Angola to Howe/LaGrange	\$0.75	\$1.25	\$1.47	\$1.50
Broadway to Lake Station	\$0.30	\$0.50	\$0.59	\$0.60
Ohio to Illinois	\$4.65	\$8.00	\$9.43	\$9.40

*\* - Assuming SMP elects to raise tolls and per capita GDP growth of 4.2% is compounded in each of the next four years.*

*While the lease would allow electronic toll rates to be higher than direct payment due to rounding, it would make little economic sense. So, SMP would likely not enact the entire possible rate increase for motorists using electronic tolling to encourage its use.*

Office of the Governor

February 14, 2006